

WHITTEMORE-PRESCOTT AREA SCHOOLS
WHITTEMORE, MICHIGAN
FINANCIAL STATEMENTS
JUNE 30, 2008

WHITTEMORE-PRESCOTT AREA SCHOOLS

JUNE 30, 2008

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WHITTEMORE-PRESCOTT AREA SCHOOLS

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Whittemore-Prescott Area Schools
Whittemore, Michigan 48770

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whittemore-Prescott Area Schools as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Whittemore-Prescott Area School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whittemore-Prescott Area Schools as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2008 on our consideration of Whittemore-Prescott Area Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The administration's discussion and analysis and budgetary comparison information on pages 3 through 13 and page 31 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Whitemore-Prescott Area Schools basic financial statements. The accompanying other pages of supplementary information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants
October 9, 2008

Whittemore-Prescott Area Schools, a K-12 school district located in Iosco, Ogemaw, and Arenac Counties, Michigan is in its fourth year of implementation of the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be Whittemore-Prescott Area Schools' Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP) according to GASB 34 require the reporting of two types of financial statements; District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Funds, and the School Service Funds which are comprised of Food Service, Athletics, and various Activity Fund accounts.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

Whittemore-Prescott Area Schools

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Summary of Net Assets:

GASB 34 requires comparative data be included in this report.

Net Assets Summary

Assets	<u>2007</u>	<u>2008</u>
Current Assets	\$ 3,291,152	\$ 3,869,732
Capital Assets	17,859,324	16,825,529
Less: Accumulated Depreciation	<u>(7,113,174)</u>	<u>(6,274,205)</u>
Total Assets	<u>\$ 14,037,302</u>	<u>\$ 14,421,056</u>
Liabilities		
Current liabilities	\$ 1,992,870	\$ 3,031,119
Long-term liabilities	<u>9,217,237</u>	<u>8,699,202</u>
Total Liabilities	11,210,107	11,730,321
Net Assets		
Invested in capital assets, net of related debt	1,340,111	1,427,808
Restricted for debt service	276,232	283,827
Unrestricted	<u>1,210,852</u>	<u>979,100</u>
Total Net Assets	2,827,195	2,690,735
Total Liabilities and Net Assets	<u>\$ 14,037,302</u>	<u>\$ 14,421,056</u>

Analysis of Financial Position:

During the fiscal year ended June 30, 2008, the District's net assets decreased by \$136,460. A few of the significant factors affecting net assets during the year are discussed below:

A. General Fund Operations

The district's expenditures from General Fund operations exceeded revenues by \$310,369 for the fiscal year ended June 30, 2008. See the section entitled Results of Operations, below, for further discussion of General Fund obligations.

B. Debt, Principal Payments

The district made principal payments on bonded, long-term debt obligations that reduced the amount of the District's long-term liabilities as follows:

	Principal Balance June 30, 2007	Additions (Reductions) June 30, 2008	Principal Balance June 30, 2008
1998 Durant Bonds	\$ 67,084	\$ (-0-)	\$ 67,084
1999 Refunding Bonds	8,625,000	(415,000)	8,210,000
2003 Energy Bonds	695,000	(95,000)	600,000
Total Long-term Bond Obligations	\$ <u>9,387,084</u>	\$ <u>(465,000)</u>	\$ <u>8,877,84</u>

Other long-term obligations include, installment purchases, and compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

C. Net Investment in Capital Assets

The district's net investment in capital assets is summarized as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets	\$17,859,324	\$366,698	\$1,400,493	\$16,825,529
Less: accumulated depreciation	<u>(7,113,174)</u>	<u>(483,814)</u>	<u>1,322,783</u>	<u>(6,274,205)</u>
Net investment capital outlay	<u>\$10,746,150</u>	<u>\$(117,116)</u>	<u>\$(77,710)</u>	<u>\$10,551,324</u>

The district decreased its net investment in capital assets by \$194,826 for the year.

The district sold \$995,000 of energy conservation bonds on August 1, 2003. The activity for these bonds including the expenditures to replace the boiler heating systems in the high school was recorded in the 2003 Capital Projects Fund. The project was primarily complete at June 30, 2004 and the Capital Projects Fund has been closed. The bonds will be retired using the operating millage of the district.

The district passed a bond proposal in September of 1996 allowing them to borrow the sum of not to exceed Ten Million Two Hundred Thousand Dollars (\$10,200,000) and issue its general obligation unlimited tax bonds therefore, for the purpose of:

- erecting, furnishing and equipping an elementary school building constructing and equipping a playground; and developing and improving the site;
- partially remodeling and partially equipping and re-equipping, furnishing and refurbishing the Junior High/High School for High School purposes and developing and improving the site;
- partially remodeling the Whittemore Elementary Center for adult/alternative education purposes;
- partially remodeling and partially equipping and re-equipping, furnishing and refurbishing Prescott Elementary School for Junior High purposes, and constructing handicap accessible bathrooms; and
- purchasing and installing educational technology systems and equipment for proposed and existing school facilities

Nine million two hundred ninety thousand dollars (\$9,290,000) of this bonding proposal was refinanced in 1999 to take advantage of lower interest costs.

Whittemore-Prescott Area Schools

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Results of Operations:

GASB 34 requires comparative data be included in this report. For the fiscal years ended June 30, 2008 and June 30, 2007, the District wide results of operations were:

Revenues:	<u>2007</u>	<u>2008</u>
General Revenues:		
Property taxes levied for general operations	\$ 1,516,359	\$ 1,618,843
Property taxes levied for debt service	861,328	915,068
State of Michigan unrestricted foundation aid	7,056,553	6,700,179
State of Michigan debt service aid	-0-	-0-
Interest and investment earnings	71,554	84,883
Other general revenues	69,065	(31,872)
Total general revenues	<u>9,574,859</u>	<u>9,287,101</u>
Operating Grants:		
Federal	1,118,248	1,150,457
State of Michigan	1,250,479	1,167,660
Local	-0-	-0-
Total operating grants	<u>2,368,727</u>	<u>2,318,117</u>
Charges for Services:		
Food service	121,207	110,817
Other charges for services	163,101	127,215
Total charges for services	<u>284,308</u>	<u>238,032</u>
Total Revenues	<u>12,227,894</u>	<u>12,227,894</u>
Expenses:		
Instruction	6,747,226	6,537,676
Support Services	3,814,943	3,599,659
Food Services	685,719	685,561
Athletics	216,436	247,865
Interest on long term debt	446,578	425,135
Depreciation	491,490	483,814
Total Expenses	<u>12,402,392</u>	<u>11,979,710</u>
Change in Net Assets	(174,498)	(136,460)
Beginning Net Assets	<u>3,001,693</u>	<u>2,827,195</u>
Ending Net Assets	<u>\$ 2,827,195</u>	<u>\$ 2,690,735</u>

1. State of Michigan Unrestricted Aid (Net Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment – Blended at 75 percent of current year's fall count and 25 percent of prior year's winter count
- c. The District's non-homestead levy

Per Student, Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The Whittemore-Prescott Area Schools foundation allowance was \$7,204 per student for the 2007-2008 school year. The foundation allowance for the 2008-2009 school year is \$7,316.

Student Enrollment:

The District's student enrollment for the fall count of 2007-2008 was 1,199.60. The District's enrollment decreased from the prior year's student count. The following summarizes fall student enrollment in the past five years.

	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2007-2008	1,209.39	(54.02)
2006-2007	1,263.41	(33.89)
2005-2006	1,297.30	(38.28)
2004-2005	1,335.58	(74.34)
2003-2004	1,409.92	34.53

Subsequent to year-end June 30, 2008, preliminary student enrollments for 2008-2009 indicate that enrollments may decline.

2. Property Taxes levied for General Operations (General Fund Non-Homestead Taxes)

The District levies 18 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property revenue for the 2007-2008 fiscal year was \$1,618,347. The district passed Headlee restoration millage in November of 2007 and May of 2005 to allow us to levy the full 18 mills. The non-homestead tax revenue increased by 7.18% percent over the prior year.

The following summarizes the District's non-homestead levy the past five years:

<u>Fiscal Year</u>	<u>Non-Homestead Tax Levy</u>	<u>% Increase from Prior Year</u>
2007-2008	1,734,528	7.18%
2006-2007	1,618,347	6.86%
2005-2006	1,514,413	6.23%
2004-2005	1,425,521	10.59%
2003-2004	1,289,072	3.59%
Average Increase Last 5 Years		6.89%

3. Debt Fund Property Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead.

For 2007-2008, the District's debt millage levy was 4.00 mills that generated revenue of \$798,944.

4. Food Sales to Students & Adults (School Lunch Program)

The District's food and milk sales to students and adults decreased by approximately \$10,391 to \$110,816 from the prior school year. The school lunch prices were not increased during the year ended June 30, 2008. The decrease in fund balance is attributable to the decrease in revenue.

The total revenues from Food Service operations exceeded total expenditures for the year by \$1,539 in the Food Service Fund.

Whittemore-Prescott Area Schools

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

	Budgeted Amounts		Actual Amounts	Variance with
	2008	2008	Budgetary	Final Budget
	Original	Final	Basis	Over (Under)
REVENUES				
Local Sources	\$ 1,724,819	\$ 1,759,154	\$ 1,757,430	(1,724)
State Sources	7,750,999	7,884,069	7,763,446	(120,623)
Federal Sources	755,258	816,975	683,279	(133,696)
Interdistrict Sources	72,000	33,555	33,554	(1)
Total Revenues	10,303,076	10,493,753	10,237,709	(256,044)
EXPENDITURES				
Current:				
Instruction:				
Basic programs	4,860,422	4,723,500	4,638,172	(85,328)
Added Needs	1,621,522	2,152,249	1,974,632	(177,617)
Support Services:				
Pupil Services	465,831	417,454	418,670	1,216
Instructional staff	395,623	294,182	285,372	(8,810)
General administration	262,721	298,708	299,428	720
School administration	634,477	640,831	629,339	(11,492)
Business	124,079	206,904	207,460	556
Operation & maintenance	947,008	1,040,382	1,005,743	(34,639)
Transportation	606,867	965,630	916,064	(49,566)
Technology & Curriculum	275,416	140,432	135,153	(5,279)
Other	60,900	59,425	39,551	(19,874)
Total Expenditures	10,254,866	10,939,697	10,549,584	(390,113)
OTHER FINANCING SOURCES (USES)				
Other Transactions	-	25,608	26,572	964
Loan and capitalized lease proceeds	-	226,000	226,000	-
Loan and lease payments	(81,857)	(43,077)	(43,076)	(1)
Operating transfers	(170,761)	(201,532)	(207,990)	6,458
Total Other Financing Sources (Uses)	(252,618)	6,999	1,506	(5,493)
Excess of Revenues over (under) Expenditures and Other Financing Sources (Uses)	(242,539)	(438,945)	(310,369)	128,576
Budgetary fund balance - July 1, 2007	1,567,552	1,567,866	1,567,866	-
Budgetary fund balance - June 30, 2008	\$ 1,325,013	\$ 1,128,921	\$ 1,257,497	128,576

Whittemore-Prescott Area Schools

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Original vs. Final Budget:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Whittemore-Prescott Area Schools amends its budget during the school year. For fiscal year June 30, 2008 the budget was amended in June 2008. The June 2008 budget amendment was the final budget for the fiscal year.

Changes from Original to Final Budget:

General Fund Revenues:

Total Revenues Original Budget	\$10,303,076
Total Revenues Final Budget	<u>10,745,361</u>
Increase in Budgeted Revenues	<u>\$442,285</u>

The District's final, actual general fund revenues differed from final budget by \$255,080 a variance of 2 percent from the final budget.

The Final revenue budget reflects the following changes from the original budget:

- State revenues were projected lower to anticipate the loss of students.
- Incoming transfers reflect the loan for the purchase of five new buses purchased during the year

General Fund Expenditures:

The District's budget for expenditures changed as follows during the year:

Total Expenditures Original Budget	\$10,545,615
Total Expenditures Final Budget	<u>11,184,306</u>
Increase in Budgeted Expenditures	<u>\$638,691</u>

As indicated above, the District's actual expenditures were less than final budget by \$383,655, a variance of 3 percent from the final budget.

Some of the significant expenditure activities for the year include:

- Buildings were in need of repairs (roofs, etc.) and parking lots needed work, causing an increase in repairs for the current year.
- The district was behind in the bus replacement schedule and purchased five buses, financing \$226,000 of the total cost of \$273,250

Financial Items Affecting the District's Future

Even though the state aid will have a slight increase for the 2008-2009 school year, significant increases in employee benefits as well as a decline in student enrollment will more than offset that increase. The district has instituted cost-reduction measures including staff layoffs to counteract the anticipated losses.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Whittemore-Prescott Area Schools, 8970 Prescott Road, P.O. Box 250, Whittemore, MI 48770 (989) 756-2500.

WHITTEMORE-PRESCOTT AREA SCHOOLS
BASIC FINANCIAL STATEMENTS

WHITTEMORE-PRESCOTT AREA SCHOOLS
DISTRICT WIDE - STATEMENT OF NET ASSETS
JUNE 30, 2008

<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets	
Cash and investments (Note 3)	\$ 1,457,885
Accounts receivable (Note 4)	11,540
Due from governmental units (Note 4)	1,606,587
Taxes receivable (Note 4)	13,494
Inventory	14,533
Prepaid expenses	765,693
Total current assets	<u>3,869,732</u>
Noncurrent Assets	
Capital assets (Note 5)	16,825,529
Less: accumulated depreciation	<u>(6,274,205)</u>
Total noncurrent assets	<u>10,551,324</u>
Total assets	<u>\$ 14,421,056</u>
 <u>LIABILITIES AND NET ASSETS</u> 	
Current Liabilities	
Accounts payable	\$ 163,780
State Aid note payable	861,000
Salaries payable	1,167,039
Accrued interest	67,312
Deferred revenue (Note 4)	74,447
Bonds payable, Due within one year (Note 7)	564,109
Installment purchases, Due within one year (Note 7)	133,432
Compensated absences, Due within one year (Note 7)	-
Total current liabilities	<u>3,031,119</u>
Noncurrent Liabilities	
Bonds payable (Note 7)	8,312,975
Installment purchases (Note 7)	113,000
Compensated absences (Note 7)	273,227
Total noncurrent liabilities	<u>8,699,202</u>
Total Liabilities	<u>11,730,321</u>
Net Assets	
Invested in capital assets, net of related debt	1,427,808
Restricted for debt service	283,827
Unrestricted	979,100
Total Net Assets	<u>2,690,735</u>
Total Liabilities and Net Assets	<u>\$ 14,421,056</u>

See accompanying notes

WHITTEMORE-PRESCOTT AREA SCHOOLS
DISTRICT WIDE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities				
Instruction	\$ 6,537,676	\$ 11,650	\$ 1,707,169	\$ (4,818,857)
Support services	3,599,659	76,215	39,377	(3,484,067)
Food services	685,561	110,817	571,571	(3,173)
Athletics	247,865	39,350	-	(208,515)
Interest on long term debt	425,135			(425,135)
Depreciation - unallocated	483,814	-	-	(483,814)
Total Governmental Activities	\$ <u>11,979,710</u>	\$ <u>238,032</u>	\$ <u>2,318,117</u>	<u>(9,423,561)</u>
General Revenues				
Taxes				
Property taxes, levied for general operations				1,618,843
Property taxes, levied for debt service				915,068
State of Michigan aid, unrestricted				6,700,179
Interest and investment earnings				84,883
Gain (loss) on disposal of assets				(77,710)
Other				<u>45,838</u>
Total General Revenues				<u>9,287,101</u>
Change in Net Assets				(136,460)
Net assets - beginning of year				<u>2,827,195</u>
Net assets - end of year				\$ <u><u>2,690,735</u></u>

See accompanying notes

WHITTEMORE-PRESCOTT AREA SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	GENERAL	1999 DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTALS
<u>ASSETS</u>				
Cash and investments	\$ 1,092,088	\$ 269,978	\$ 95,819	\$ 1,457,885
Accounts receivable	11,540	-	-	11,540
Due from other governmental units	1,601,567	-	5,020	1,606,587
Taxes receivable	10,825	2,669	-	13,494
Due from other funds	25,883	5,409	8,760	40,052
Inventory	-	-	14,533	14,533
Prepaid expenses	765,693	-	-	765,693
Total Assets	<u>\$ 3,507,596</u>	<u>\$ 278,056</u>	<u>\$ 124,132</u>	<u>\$ 3,909,784</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 149,466	\$ 4,203	\$ 10,111	\$ 163,780
State Aid note payable	861,000	-	-	861,000
Accrued salaries and withholdings	1,140,192	-	26,847	1,167,039
Deferred revenue	85,272	2,669	-	87,941
Due to other funds	14,169	-	25,883	40,052
Total Liabilities	<u>2,250,099</u>	<u>6,872</u>	<u>62,841</u>	<u>2,319,812</u>
<u>FUND BALANCES:</u>				
Reserved for debt retirement	-	271,184	12,643	283,827
Unreserved and undesignated:				
General	1,257,497	-	-	1,257,497
Food Service	-	-	48,648	48,648
Total Fund Balances	<u>1,257,497</u>	<u>271,184</u>	<u>61,291</u>	<u>1,589,972</u>
Total Liabilities and Fund Balances	<u>\$ 3,507,596</u>	<u>\$ 278,056</u>	<u>\$ 124,132</u>	<u>\$ 3,909,784</u>
Total Governmental Fund Balances				\$ 1,589,972
Elimination of due to and due from governmental funds				
Due to				40,052
Due from				(40,052)
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.				
The cost of capital assets is			\$ 16,825,529	
Accumulated depreciation is			<u>(6,274,205)</u>	10,551,324
Long term liabilities are not due and payable in the current period and are not reported in the fund				
Bonds payable				(8,877,084)
Installment purchases				(246,432)
Compensated absences				(273,227)
Other long term assets not available to pay current period expenditures therefore deferred in funds (Gasb #33)				13,494
Accrued interest is not included as a liability in governmental funds				<u>(67,312)</u>
Net Assets of Governmental Activities				<u>\$ 2,690,735</u>

See accompanying notes

WHITTEMORE-PRESCOTT AREA SCHOOLS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL	1999 DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTALS
REVENUES:				
Local sources	\$ 1,757,430	\$ 812,915	\$ 270,163	\$ 2,840,508
State sources	7,763,446	-	65,016	7,828,462
Federal sources	683,279	-	506,555	1,189,834
Interdistrict sources	33,554	-	-	33,554
Miscellaneous	-	-	-	-
Total Revenues	<u>10,237,709</u>	<u>812,915</u>	<u>841,734</u>	<u>11,892,358</u>
EXPENDITURES:				
Current:				
Instruction	6,584,960	-	-	6,584,960
Support services	3,597,926	-	933,426	4,531,352
Debt service	-	816,755	117,972	934,727
Capital outlay	366,698	-	-	366,698
Intergovernmental payments	-	1,208	-	1,208
Total Expenditures	<u>10,549,584</u>	<u>817,963</u>	<u>1,051,398</u>	<u>12,418,945</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(311,875)</u>	<u>(5,048)</u>	<u>(209,664)</u>	<u>(526,587)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in (out)	(207,990)	-	207,990	-
Other transactions	26,572	-	-	26,572
Loan and lease proceeds	226,000	-	-	226,000
Loan and lease payments	<u>(43,076)</u>	<u>-</u>	<u>-</u>	<u>(43,076)</u>
Total Other Financing Sources (Uses)	<u>1,506</u>	<u>-</u>	<u>207,990</u>	<u>209,496</u>
NET CHANGES IN FUND BALANCES	(310,369)	(5,048)	(1,674)	(317,091)
FUND BALANCES - Beginning of year	<u>1,567,866</u>	<u>276,232</u>	<u>62,965</u>	<u>1,907,063</u>
FUND BALANCES - End of year	<u>\$ 1,257,497</u>	<u>\$ 271,184</u>	<u>\$ 61,291</u>	<u>\$ 1,589,972</u>

See accompanying notes

WHITTEMORE-PRESCOTT AREA SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	(317,091)
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Amounts reported for governmental activities are different because:

Government funds report capital outlays as expenditures;
in the statement of activities these costs are allocated
over their estimated useful lives as depreciation.

Depreciation expense	\$	(483,814)	
Capital Outlay		366,698	
			(117,116)

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental fund until paid (increase) decrease in accrual	3,546
--	-------

Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	510,000
--	---------

Repayments of capitalized lease principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	18,955
---	--------

Repayments of installment purchase principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	20,432
--	--------

Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds increase (decrease) from prior year	2,030
--	-------

(Increase) decrease in compensated absences are reported as expenditures when financial resources are used in the governmental funds	46,494
--	--------

Loss on disposal of assets is not reported in the governmental funds since the assets were expensed in the year of purchase	(77,710)
--	----------

Installment loan proceeds is reported as income in the governmental funds, but not in the statement of activities (where it increases long-term debt)	(226,000)
---	-----------

Change in Net Assets of Governmental Activities	\$	(136,460)
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WHITTEMORE-PRESCOTT AREA SCHOOLS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	<u>2008</u>
<u>ASSETS</u>	
Cash - checking	\$ 122,886
Cash - certificates of deposit	<u>29,586</u>
Total Assets	\$ <u><u>152,472</u></u>
 <u>LIABILITIES</u>	
Deposits held for others	\$ <u>152,472</u>
Total Liabilities	\$ <u><u>152,472</u></u>

See accompanying notes

WHITEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Whittemore-Prescott Area Schools ("the District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the District:

REPORTING ENTITY

The District is governed by an elected seven member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the District's reporting entity, and which organizations are legally separate, component units of the school district. Based on the application criteria, the District does not contain any component units.

DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

The district-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the District's government wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported a separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Based Statements - Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within

(Continued)

WHITTEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(continued)

the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the District.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the district, except those required to be accounted for in another fund.

The 1999 Debt Service Fund is used to record tax, interest, and other revenue for payment of principal, interest and other expenditures of the 1999 bond issue.

Additionally, the District reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The District maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Athletic Fund.

The 1998 Debt Service Fund is used to record State Aid for the payment of principal and interest of the 1998 Durant Bond issue.

The 2003 Debt Service Fund is used to record tax, interest, and other revenue for payment of principal, interest and other expenditures of the 2003 Energy Conservation bond issue.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the government-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The District maintains a Student Activities Fund to record the transactions of student and parent groups school-related purposes. The funds are segregated and held in trust for the students and parents.

(Continued)

WHITTEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

Property tax and other trade receivable are shown net of an allowance for uncollectible amounts. The taxpayers of the District have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2007 taxable value of the District was \$103,373,345, homestead and \$96,362,696 non-homestead. The District levied 18.0000 mills for operating purposes on non-homestead and 4.00 mills for debt service on all property for 2006.

The State of Michigan utilized a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Inventories and Prepaid items - Inventories are valued at cost, on a first-in, first-out basis. The only inventory maintained by the District is in the Special Revenue Fund (Food Service Fund). Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend the asset life are not capitalized. The District does not have infrastructure type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-45 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

(Continued)

WHITTEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

Compensated Absences - The liability for compensated absences reported in the government-wide statements consist of unpaid, accumulated sick pay balances computed according to the terms of the negotiated contracts. Vacation days are required to be used annually with no carryovers allowed.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as other bond expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications - Comparative data is not included in the District's financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the district to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year. During the year the budgets were amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

(Continued)

WHITEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information - (continued)

Excess of Expenditures Over Appropriations in Budgeted Funds - Expenditure variances in the General Fund, and in the Special Revenue Fund were as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Support Services:			
Pupil Services	\$ 417,454	\$ 418,670	\$ 1,216
General Administration	298,708	299,428	720
Business	206,904	207,460	556
Operating Transfers	201,532	207,990	6,458
Special Revenue:			
Food Service	643,730	685,561	41,831
Athletic	243,532	247,865	4,333

NOTE 3 - DEPOSITS AND INVESTMENTS

At year-end the District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>District Total</u>
Cash and cash investments	\$ 1,398,418	\$ 152,472	\$ 1,550,890
Investments	59,467	-	59,467
Total	<u>\$ 1,457,885</u>	<u>\$ 152,472</u>	<u>\$ 1,610,357</u>

The breakdown between deposits and investments for the District is as follows:

Deposits (checking, savings and CD's)	\$ 1,550,890
Investments (Michigan Liquid Asset Fund)	59,467
	<u>\$ 1,610,357</u>

As of June 30, 2008 the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Investment pool	<u>\$ 59,467</u>	<u>31 days</u>

Interest rate risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; investing operating funds primarily in shorter term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008 the District did not have any investments in commercial paper or corporate bonds.

(Continued)

WHITTEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Concentration of credit risk

The District will minimize the concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At June 30, 2008 the District's investments were in a pooled investment fund.

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At June 30, 2008, \$1,221,304 of the District's bank balance of \$1,550,890 was exposed to custodial risk because it was uninsured.

Custodial credit risk - investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District did not have any custodial credit risk on its investments at June 30, 2008. The District will minimize custodial credit risk, which is the loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk

The District is not authorized to invest in investments which have this type of risk.

NOTE 4 - RECEIVABLES

Receivables as of year-end for the District's individual major funds and the nonmajor and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>1999 Debt Service</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Accounts receivable	\$ 11,540	\$ -	\$ -	\$ 11,540
Intergovernmental	1,601,567	-	5,020	1,606,587
Taxes receivable	<u>10,825</u>	<u>2,669</u>	<u>-</u>	13,494
Total receivables	<u>\$ 1,623,932</u>	<u>\$ 2,669</u>	<u>\$ 5,020</u>	<u>\$ 1,631,621</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grants and categorical aid payment not considered available	\$ -	\$ -
Taxes - uncollected	13,494	-
Payments received prior to meeting all eligibility requirements:		
State Aid Section 31a & Section 32d	<u>-</u>	<u>74,447</u>
Totals	<u>\$ 13,494</u>	<u>\$ 74,447</u>
Total deferred revenue	<u>\$ 87,941</u>	

(Continued)

WHITTEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the District's Governmental activities were as follows:

<u>Assets</u>	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Subtotal	20,000	-	-	20,000
Capital assets being depreciated:				
Buildings & improvements	14,180,317	34,693	-	14,215,010
Buses & vehicles	1,218,510	273,250	362,908	1,128,852
Furniture & equipment	2,440,497	58,755	1,037,585	1,461,667
Subtotal	17,839,324	366,698	1,400,493	16,805,529
<u>Accumulated Depreciation</u>				
Buildings & improvements	4,269,898	351,359	-	4,621,257
Buses & vehicles	993,859	57,325	362,908	688,276
Furniture & equipment	1,849,417	75,130	959,875	964,672
Subtotal	7,113,174	483,814	1,322,783	6,274,205
Net capital assets being depreciated	10,726,150	(117,116)	77,710	10,531,324
Governmental Activities Total Capital Assets net of Depreciation	\$ 10,746,150	\$ (117,116)	\$ 77,710	\$ 10,551,324

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

NOTE 6 - RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 25,883	Other Nonmajor Governmental	\$ 25,883
1999 Debt Fund	5,409	General Fund	14,169
Other Nonmajor Governmental	8,760		
	\$ 40,052	Total	\$ 40,052
<u>Transfer In</u>		<u>Transfer Out</u>	
Other Nonmajor Governmental		General Fund	\$ 207,990

NOTE 7 - LONG-TERM DEBT

The District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge full faith and credit of the school district. Other long-term obligations include installment purchases, and compensated absences.

(Continued)

WHITTEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 7 - LONG-TERM DEBT (continued)

Long-term debt activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:				
General Obligation Bonds:				
1998 Issue	\$ 67,084	\$ -	\$ 67,084	\$ 9,109
1999 Issue	8,625,000	(415,000)	8,210,000	455,000
2003 Issue	695,000	(95,000)	600,000	100,000
Capitalized leases	18,955	(18,955)	-	-
Installment purchases	40,864	205,568	246,432	133,432
Compensated absences	319,721	(46,494)	273,227	-
Total Governmental Activities	<u>\$ 9,766,624</u>	<u>\$ (369,881)</u>	<u>\$ 9,396,743</u>	<u>\$ 697,541</u>

Annual debt service requirements to maturity for the General Obligation Bonds, Capitalized Leases, and Installment Purchases are as follows:

Year Ended June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 697,541	\$ 413,795	\$ 1,111,336
2010	732,542	385,836	1,118,378
2011	669,997	356,029	1,026,026
2012	712,465	332,926	1,045,391
2013	710,971	299,072	1,010,043
2014-2018	2,800,000	1,090,600	3,890,600
2019-2023	2,800,000	415,800	3,215,800
Total	<u>\$ 9,123,516</u>	<u>\$ 3,294,058</u>	<u>\$ 12,417,574</u>

(Continued)

WHITTEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 7 - LONG-TERM DEBT (continued)

General Obligation Bonds payable at June 30, 2008 are comprised of the following three issues:

General obligation bonds:

1999 serial (refunding) bonds due in annual principal installments ranging from \$455,000 to \$560,000 through May 1, 2023; interest rates ranging from 4.25% to 4.95% \$ 8,210,000

2003 Energy Conservation bonds due in annual principal installments ranging from \$100,000 to \$140,000 through May 1, 2013; interest rates of 4.05% and 2.05% 600,000

1998 Durant Non-Plaintiff serial bonds due in annual principal installments ranging from \$9,109 to \$27,465 through May 15, 2013; interest rate of 4.76% 67,084

Total General obligation bonds \$ 8,877,084

Durant Non-Plaintiff Bond - Included in the Governmental Activities General Obligations Bonds is the Durant Non-Plaintiff Bond. Annual total payments (principal and interest) of \$11,493 to \$34,479 associated with this bond are funded by the State of Michigan via specifically appropriated State Aid and will not require any District debt levy or utilization of any other District financial resources.

INSTALLMENT PURCHASES

<u>Payable to:</u>	<u>Purchase Date</u>	<u>Equipment</u>	<u>Principal Due</u>
Citizens Bank Annual payments of \$113,000 plus interest due March 5th. Final payment March 5, 2010; interest rate 2.98%	March 5, 2008	3 Buses	\$ 226,000
Citizens Bank Annual principal payments of \$20,432 plus interest at the rate of 3.625% commencing May 1, 2007 Final payment due May 1, 2009	May 1, 2006	Copiers	20,432
Total Installment Purchases			<u>\$ 246,432</u>

(Continued)

WHITTEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District participates in SET-SEG's risk management pools for worker's compensation claims, liability insurance and errors and omissions coverages. SET-SEG was established pursuant to laws of the State of Michigan which authorize local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of SET-SEG is to provide cooperative and comprehensive risk financing and risk control services. SET-SEG provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The District makes annual contributions to SET-SEG based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the General Fund. Such contributions as received by SET-SEG are allocated between its general and member retention funds. Economic resources in SET-SEG's General Fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the member's self-insurance retention limits along with certain other member-specific costs. Any refunds from SET-SEG are deposited in the District's General Fund.

NOTE 9 - DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS

Plan Description - The District participates in the Michigan Public School Employees' Retirement System (MPERS), a state-wide, cost sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the district. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MPERS at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Funding Policy - Employer contributions to the MPERS result from implementing the effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 17.74% for the period July 1, 2007 through September 30, 2007 and 16.72% for the period October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan (MIP) members contribute at rates ranging from 3% to 4.3% of gross wages. The District's contributions to the MPERS plan for the years ended June 30, 2008, 2007, and 2006 were \$975,545, \$1,037,736, and \$1,040,782.

WHITTEMORE-PRESCOTT AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 9 - DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS (continued)

Post Employment Benefits - Under the MPSERS Act, all retirees participating in the MPSERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equal to the monthly cost for Part B Medicare and 10% of the monthly premium amount for the health, dental and vision coverages. Required contributions for post employment health care benefits are included as part of the District's total contribution to the MPSERS pension plan discussed above.

NOTE 10 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is a reimbursing employer to the State of Michigan Unemployment Agency and as such is responsible to pay the Agency for all benefits paid and charged to the District. As of June 30, all known liabilities for claims paid by the Agency are recorded as accounts payable.

NOTE 11 - SUBSEQUENT EVENTS

The District, on August 20, 2008, paid \$861,000 to the Michigan Municipal Bond Authority on a State Aid Note plus interest of \$31,685.

The District, on August 20, 2008, borrowed \$891,000 from the Michigan Municipal Bond Authority on a State Aid Note. The note bears interest at the rate of 1.63% and is due on August 20, 2009.

REQUIRED SUPPLEMENTAL INFORMATION

WHITTEMORE-PRESCOTT AREA SCHOOLS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	2008	2008	Budgetary	Final Budget
	Original	Final	Basis	Over (Under)
REVENUES				
Local sources	\$ 1,724,819	\$ 1,759,154	\$ 1,757,430	\$ (1,724)
State sources	7,750,999	7,884,069	7,763,446	(120,623)
Federal sources	755,258	816,975	683,279	(133,696)
Interdistrict sources	72,000	33,555	33,554	(1)
Total Revenues	<u>10,303,076</u>	<u>10,493,753</u>	<u>10,237,709</u>	<u>(256,044)</u>
EXPENDITURES				
Current:				
Instruction:				
Basic programs	4,860,422	4,723,500	4,638,172	(85,328)
Added needs	1,621,522	2,152,249	1,974,632	(177,617)
Support services:				
Pupil services	465,831	417,454	418,670	1,216
Instructional staff	395,623	294,182	285,372	(8,810)
General administration	262,721	298,708	299,428	720
School administration	634,477	640,831	629,339	(11,492)
Business	124,079	206,904	207,460	556
Operation & maintenance	947,008	1,040,382	1,005,743	(34,639)
Transportation	606,867	965,630	916,064	(49,566)
Technology & Curriculum	275,416	140,432	135,153	(5,279)
Other	60,900	59,425	39,551	(19,874)
Total Expenditures	<u>10,254,866</u>	<u>10,939,697</u>	<u>10,549,584</u>	<u>(390,113)</u>
OTHER FINANCING SOURCES (USES)				
Other transactions	-	25,608	26,572	964
Loan and capitalized lease proceeds	-	226,000	226,000	-
Loan and lease payments	(45,000)	(43,077)	(43,076)	(1)
Operating transfers	<u>(245,749)</u>	<u>(201,532)</u>	<u>(207,990)</u>	<u>6,458</u>
Total Other Financing Sources (Uses)	<u>(290,749)</u>	<u>6,999</u>	<u>1,506</u>	<u>(5,493)</u>
Excess of Revenues over (under) Expenditures and Other Financing Sources (Uses)	(242,539)	(438,945)	(310,369)	128,576
Budgetary fund balance - July 1, 2007	<u>1,567,552</u>	<u>1,567,866</u>	<u>1,567,866</u>	<u>-</u>
Budgetary fund balance - June 30, 2008	<u>\$ 1,325,013</u>	<u>\$ 1,128,921</u>	<u>\$ 1,257,497</u>	<u>\$ 128,576</u>

OTHER SUPPLEMENTAL INFORMATION

WHITTEMORE-PRESCOTT AREA SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds		Nonmajor Governmental Funds
	Food Service	Athletics	1998 Issue	2003 Issue	Total
<u>ASSETS</u>					
Cash and investments	\$ 75,581	\$ 7,595	\$ -	\$ 12,643	\$ 95,819
Due from other governmental units	5,020	-	-	-	5,020
Due from other funds	8,760	-	-	-	8,760
Inventory	14,533	-	-	-	14,533
Prepaid expense	-	-	-	-	-
Total Assets	<u>\$ 103,894</u>	<u>\$ 7,595</u>	<u>\$ -</u>	<u>\$ 12,643</u>	<u>\$ 124,132</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 10,111	\$ -	\$ -	\$ -	\$ 10,111
Accrued salaries and withholdings	26,847	-	-	-	26,847
Due to other funds	<u>18,288</u>	<u>7,595</u>	<u>-</u>	<u>-</u>	<u>25,883</u>
Total Liabilities	<u>55,246</u>	<u>7,595</u>	<u>-</u>	<u>-</u>	<u>62,841</u>
Fund Balances:					
Reserved for debt retirement	-	-	-	12,643	12,643
Unreserved and undesignated	<u>48,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,648</u>
Total Liabilities and Fund Balances	<u>\$ 103,894</u>	<u>\$ 7,595</u>	<u>\$ -</u>	<u>\$ 12,643</u>	<u>\$ 124,132</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds		Nonmajor Governmental Funds
	Food Service	Athletics	1998 Issue	2003 Issue	Total
REVENUES					
Local sources	\$ 112,451	\$ 39,875	\$ -	\$ 117,837	\$ 270,163
State sources	65,016	-	-	-	65,016
Federal sources	506,555	-	-	-	506,555
Total Revenues	<u>684,022</u>	<u>39,875</u>	<u>-</u>	<u>117,837</u>	<u>841,734</u>
EXPENDITURES:					
Current operations:					
Food service	685,561	-	-	-	685,561
Athletics	-	247,865	-	-	247,865
Debt service	-	-	-	117,972	117,972
Capital outlay	-	-	-	-	-
Total Expenditures	<u>685,561</u>	<u>247,865</u>	<u>-</u>	<u>117,972</u>	<u>1,051,398</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,539)</u>	<u>(207,990)</u>	<u>-</u>	<u>(135)</u>	<u>(209,664)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in (out)	<u>-</u>	<u>207,990</u>	<u>-</u>	<u>-</u>	<u>207,990</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>207,990</u>	<u>-</u>	<u>-</u>	<u>207,990</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(1,539)</u>	<u>-</u>	<u>-</u>	<u>(135)</u>	<u>(1,674)</u>
Fund Balance - Beginning of Year	<u>50,187</u>	<u>-</u>	<u>-</u>	<u>12,778</u>	<u>62,965</u>
Fund Balance - End of Year	<u>\$ 48,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,643</u>	<u>\$ 61,291</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
GENERAL FUND
COMPARATIVE DETAIL OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
REVENUES		
Local Sources:		
Property taxes	\$ 1,616,465	\$ 1,517,971
Earnings on investments	67,388	49,369
Other local revenue	73,577	73,056
Total Local Sources	<u>1,757,430</u>	<u>1,640,396</u>
State Sources:		
Grants - Unrestricted:		
State Aid	6,700,179	7,056,553
Grants - Restricted:		
At Risk	483,315	491,571
Mich. school readiness	195,785	171,950
Special education	364,857	408,764
Non-plaintiff Durant	16,368	16,368
Other grants	2,942	18,194
Received through ISD:		
Other grants	-	-
Total State Sources	<u>7,763,446</u>	<u>8,163,400</u>
Federal Sources:		
Grants - Restricted:		
Received through State:		
Title I	500,489	444,399
Title II	109,568	123,207
Title VI	27,504	39,058
Other grants	4,341	10,134
Received through ISD:		
Medicaid/Admin. outreach	39,377	81,483
Other grants	2,000	-
Total Federal Sources	<u>683,279</u>	<u>698,281</u>
Interdistrict Sources:		
Transportation	8,104	13,500
Other	25,450	76,670
Total Interdistrict Sources	<u>33,554</u>	<u>90,170</u>
TOTAL REVENUES	<u>10,237,709</u>	<u>10,592,247</u>
OTHER FINANCING SOURCES:		
Other transactions	26,572	18,478
Loan and capitalized lease proceeds	226,000	-
TOTAL OTHER FINANCING SOURCES	<u>252,572</u>	<u>18,478</u>
TOTAL REVENUE AND OTHER FINANCING SOURCES	<u>\$ 10,490,281</u>	<u>\$ 10,610,725</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
GENERAL FUND
COMPARATIVE DETAILS OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
INSTRUCTION:		
BASIC PROGRAMS:		
Elementary		
Salaries	\$ 1,281,652	\$ 1,319,906
Employee Benefits	612,592	648,364
Purchased Services	82	411
Supplies & Materials	37,815	57,433
Capital Outlay	-	-
Total Elementary	<u>1,932,141</u>	<u>2,026,114</u>
Middle School:		
Salaries	617,712	559,776
Employee Benefits	287,205	251,868
Purchased Services	981	310
Supplies & Materials	6,201	5,520
Other Expenses	-	-
Capital Outlay	-	-
Total Middle School	<u>912,099</u>	<u>817,474</u>
High School:		
Salaries	892,563	999,728
Employee Benefits	433,563	500,877
Purchased Services	276,656	286,135
Supplies & Materials	33,718	35,545
Other Expenses	995	-
Capital Outlay	4,250	-
Total High School	<u>1,641,745</u>	<u>1,822,285</u>
Pre-School:		
Salaries	94,658	83,809
Employee Benefits	52,910	47,858
Purchased Services	2,300	223
Supplies & Materials	2,319	956
Other Expenses	-	-
Total Pre-School	<u>152,187</u>	<u>132,846</u>
TOTAL BASIC PROGRAMS	<u>4,638,172</u>	<u>4,798,719</u>
ADDED NEEDS:		
Special Education:		
Salaries	517,867	555,972
Employee Benefits	266,225	287,097
Purchased Services	4,818	2,873
Supplies & Materials	10,461	7,876
Other Expenses	23,900	262
Capital Outlay	-	-
Total Special Education	<u>823,271</u>	<u>854,080</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
GENERAL FUND
COMPARATIVE DETAIL OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
INSTRUCTION (Continued):		
ADDED NEEDS (Continued):		
Compensatory Education:		
Salaries	\$ 572,027	\$ 570,401
Employee Benefits	310,555	312,438
Purchased Services	23,674	19,941
Supplies & Materials	61,908	17,437
Other Expenses	-	-
Capital Outlay	23,594	6,367
Total Compensatory Education	<u>991,758</u>	<u>926,584</u>
Vocational Education:		
Salaries	115,122	113,084
Employee Benefits	40,778	40,971
Purchased Services	1,685	919
Supplies & Materials	1,968	3,367
Other Expenses	50	-
Capital Outlay	-	-
Total Vocational Education	<u>159,603</u>	<u>158,341</u>
TOTAL ADDED NEEDS	<u>1,974,632</u>	<u>1,939,005</u>
TOTAL INSTRUCTION	<u>6,612,804</u>	<u>6,737,724</u>
SUPPORTING SERVICES:		
PUPIL SERVICES:		
Physical Therapy:		
Salaries	22,852	63,974
Employee Benefits	5,716	15,683
Purchased Services	3,804	1,519
Supplies & Materials	318	219
Other Expenses	110	445
Total Physical Therapy	<u>32,800</u>	<u>81,840</u>
Speech Therapy:		
Salaries	-	-
Employee Benefits	-	1,098
Purchased Services	58,328	42,707
Supplies & Materials	402	357
Total Speech Therapy	<u>58,730</u>	<u>44,162</u>
Social Worker:		
Salaries	109,572	138,477
Employee Benefits	56,487	71,928
Purchased Services	-	-
Supplies & Materials	-	-
Other Expenses	1,227	-
Total Physical Therapy	<u>167,286</u>	<u>210,405</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
GENERAL FUND
COMPARATIVE DETAIL OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
SUPPORTING SERVICES (Continued):		
PUPIL SERVICES (Continued):		
Other:		
Salaries	\$ 115,831	\$ 108,289
Employee Benefits	43,221	42,430
Supplies & Materials	802	36
Total Other	<u>159,854</u>	<u>150,755</u>
TOTAL PUPIL SERVICES	<u>418,670</u>	<u>487,162</u>
INSTRUCTIONAL STAFF:		
Library:		
Salaries	73,331	98,738
Employee Benefits	43,559	54,990
Purchased Services	526	849
Supplies & Materials	4,676	5,007
Capital Outlay	-	-
Total Library	<u>122,092</u>	<u>159,584</u>
Other Instructional Staff:		
Salaries	102,378	103,029
Employee Benefits	32,733	32,276
Purchased Services	27,627	36,415
Supplies & Materials	542	1,608
Total Other Instructional Staff	<u>163,280</u>	<u>173,328</u>
TOTAL INSTRUCTIONAL STAFF	<u>285,372</u>	<u>332,912</u>
GENERAL ADMINISTRATION:		
Board of Education:		
Salaries	9,335	9,519
Employee Benefits	50,214	75,312
Purchased Services	34,817	45,297
Supplies & Materials	37,527	19,707
Other Expenses	5,013	4,465
Total Board of Education	<u>136,906</u>	<u>154,300</u>
Executive Administration:		
Salaries	98,840	103,950
Employee Benefits	38,944	41,191
Purchased Services	18,248	12,658
Supplies & Materials	5,630	4,447
Other Expenses	860	555
Capital Outlay	-	-
Total Executive Administration	<u>162,522</u>	<u>162,801</u>
TOTAL GENERAL ADMINISTRATION	<u>299,428</u>	<u>317,101</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
GENERAL FUND
COMPARATIVE DETAIL OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
SUPPORTING SERVICES (Continued):		
SCHOOL ADMINISTRATION		
Office of the Principal:		
Salaries	\$ 379,391	\$ 433,056
Employee Benefits	222,591	232,354
Purchased Services	21,348	17,782
Supplies & Materials	3,693	4,271
Other Expenses	2,316	998
Capital Outlay	-	-
Total Principal	<u>629,339</u>	<u>688,461</u>
TOTAL SCHOOL ADMINISTRATION	<u>629,339</u>	<u>688,461</u>
BUSINESS:		
Fiscal Services:		
Salaries	34,673	33,813
Employee Benefits	20,713	10,971
Purchased Services	64,868	59,413
Supplies & Materials	-	-
Other Expenses	-	-
Total Fiscal Services	<u>120,254</u>	<u>104,197</u>
Other Business Services:		
Purchased Services	24,191	17,301
Other Expenses	<u>63,015</u>	<u>14,817</u>
Total Other Business Services	<u>87,206</u>	<u>32,118</u>
TOTAL BUSINESS	<u>207,460</u>	<u>136,315</u>
OPERATION & MAINTENANCE:		
Salaries	301,652	308,613
Employee Benefits	169,924	178,479
Purchased Services	177,879	175,727
Supplies & Materials	329,291	349,915
Other Expenses	944	-
Capital Outlay	<u>26,053</u>	<u>7,470</u>
TOTAL OPERATION & MAINTENANCE	<u>1,005,743</u>	<u>1,020,204</u>
TRANSPORTATION		
Salaries	237,113	272,790
Employee Benefits	108,189	123,767
Purchased Services	132,425	106,201
Supplies & Materials	149,651	146,245
Other Expenses	15,436	19,982
Capital Outlay	<u>273,250</u>	<u>-</u>
TOTAL TRANSPORTATION	<u>916,064</u>	<u>668,985</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
GENERAL FUND
COMPARATIVE DETAIL OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
SUPPORTING SERVICES (Continued):		
TECHNOLOGY & CURRICULUM		
Salaries	\$ 61,444	\$ 60,786
Employee Benefits	32,406	31,990
Purchased Services	19,134	23,433
Supplies & Materials	22,169	-
Other Expenses	-	-
Capital Outlay	-	20,613
TOTAL TECHNOLOGY & CURRICULUM	<u>135,153</u>	<u>136,822</u>
OTHER SUPPORTING SERVICES		
Salaries	-	64,531
Employee Benefits	-	4,179
Purchased Services	-	-
Supplies & Materials	-	-
Other Expenses	-	-
Capital Outlay	39,551	149,489
TOTAL OTHER SUPPORTING SERVICES	<u>39,551</u>	<u>218,199</u>
TOTAL SUPPORTING SERVICES	<u>3,936,780</u>	<u>4,006,161</u>
INTERGOVERNMENTAL PAYMENTS	<u>-</u>	<u>5,439</u>
TOTAL OPERATING EXPENDITURES	<u>10,549,584</u>	<u>10,749,324</u>
OTHER FINANCING USES:		
Loan and Lease Payments	43,076	81,776
Operating Transfers	207,990	164,633
TOTAL OTHER FINANCING USES	<u>251,066</u>	<u>246,409</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 10,800,650</u>	<u>\$ 10,995,733</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	<u>FOOD SERVICE</u>	<u>ATHLETIC</u>	<u>TOTALS</u>	
			<u>2008</u>	<u>2007</u>
<u>ASSETS</u>				
Cash	\$ 75,581	\$ 7,595	\$ 83,176	\$ 60,115
Due from other funds	8,760	-	8,760	-
Due from other governmental units	5,020	-	5,020	4,908
Inventory	14,533	-	14,533	11,556
Prepaid expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,000</u>
Total Assets	\$ <u>103,894</u>	\$ <u>7,595</u>	\$ <u>111,489</u>	\$ <u>108,579</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
 LIABILITIES				
Accounts payable	\$ 10,111	\$ -	\$ 10,111	\$ 5,593
Due to other funds	18,288	7,595	25,883	26,942
Accrued payroll	<u>26,847</u>	<u>-</u>	<u>26,847</u>	<u>25,857</u>
Total Liabilities	<u>55,246</u>	<u>7,595</u>	<u>62,841</u>	<u>58,392</u>
 FUND BALANCE				
Unreserved	<u>48,648</u>	<u>-</u>	<u>48,648</u>	<u>50,187</u>
Total Fund Balance	<u>48,648</u>	<u>-</u>	<u>48,648</u>	<u>50,187</u>
 Total Liabilities and Fund Balance	 \$ <u>103,894</u>	 \$ <u>7,595</u>	 \$ <u>111,489</u>	 \$ <u>108,579</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	FOOD SERVICE	ATHLETIC	TOTALS 2008	2007
<u>REVENUES</u>				
Revenue from Local Sources:				
Food Sales	\$ 93,947	\$ -	\$ 93,947	\$ 121,207
Athletic Activities	-	39,875	39,875	50,462
Other	18,504	-	18,504	3,429
State Aid	65,016	-	65,016	62,149
Federal Aid	506,555	-	506,555	501,450
	<u>684,022</u>	<u>39,875</u>	<u>723,897</u>	<u>738,697</u>
Total Revenues				
	<u>684,022</u>	<u>39,875</u>	<u>723,897</u>	<u>738,697</u>
<u>EXPENDITURES:</u>				
Current:				
Food Services	446,709	-	446,709	436,760
Athletic Activities	-	72,834	72,834	85,725
Salaries	154,001	133,064	287,065	264,615
Employee Benefits	84,851	41,967	126,818	115,055
Capital Outlay	-	-	-	-
	<u>685,561</u>	<u>247,865</u>	<u>933,426</u>	<u>902,155</u>
Total Expenditures				
	<u>685,561</u>	<u>247,865</u>	<u>933,426</u>	<u>902,155</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,539)	(207,990)	(209,529)	(163,458)
<u>OTHER FINANCING SOURCES</u>				
Operating Transfer from General Fund	-	207,990	207,990	164,633
	<u>-</u>	<u>207,990</u>	<u>207,990</u>	<u>164,633</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(1,539)	-	(1,539)	1,175
Fund Balance - Beginning of Year	<u>50,187</u>	<u>-</u>	<u>50,187</u>	<u>49,012</u>
Fund Balance - End of Year	\$ <u>48,648</u>	\$ <u>-</u>	\$ <u>48,648</u>	\$ <u>50,187</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
TRUST AND AGENCY FUND - SCHOOL ACTIVITIES
STATEMENT OF CHANGES IN DEPOSITS HELD FOR OTHERS
FOR THE YEAR ENDED JUNE 30, 2008

	Due to Student Groups July 1, 2007	Revenues	Expenditures	Due to Student Groups June 30, 2008
Alternative education	\$ 7,885	\$ 3,821	\$ 6,248	\$ 5,458
Baseball	1,126	3,949	4,526	549
Basketball - boys	4,851	6,168	4,096	6,923
Basketball - girls	6,194	5,733	4,649	7,278
Benevolence	102	-	-	102
Board Fund	29,537	5,762	3,401	31,898
Bowling	-	270	270	-
Cheerleaders/Dance	848	5,962	4,935	1,875
Junior High Cheerleaders	880	1,402	1,909	373
Class of 2007	2,131	-	2,131	-
Class of 2008	2,583	4,649	4,333	2,899
Class of 2009	674	10,686	8,043	3,317
Class of 2010	901	115	287	729
Class of 2011	546	390	159	777
Class of 2012	243	848	415	676
Class of 2013	-	3,105	2,103	1,002
Class of 2014	-	911	784	127
Drama Club	4,093	755	1,484	3,364
Electronic Rebate	1,143	-	16	1,127
Elementary Fund Raisers	2,816	20,079	16,021	6,874
Elementary Library	101	6,035	5,572	564
Elementary Music	392	-	-	392
Elementary Trips	2,007	3,469	3,495	1,981
Football	2,104	13,559	11,503	4,160
Future Farmers of America	1,423	10,722	10,913	1,232
FCCLA	385	1,173	884	674
High School:				
Box tops	335	-	-	335
Student Books/Fees	-	366	-	366
Parking Permits	-	180	-	180
Sampling Grant	810	-	-	810
Miscellaneous Fund	1,102	2,649	3,751	-
Library	105	807	430	482
Library-Middle School	511	976	714	773
National Honor Society	710	250	318	642
Subtotal	\$ 76,538	\$ 114,791	\$ 103,390	\$ 87,939

WHITTEMORE-PRESCOTT AREA SCHOOLS
TRUST AND AGENCY FUND - SCHOOL ACTIVITIES
STATEMENT OF CHANGES IN DEPOSITS HELD FOR OTHERS
FOR THE YEAR ENDED JUNE 30, 2008

	Due to Student Groups July 1, 2007	Revenues	Expenditures	Due to Student Groups June 30, 2008
Subtotal	\$ 76,538	\$ 114,791	\$ 103,390	\$ 87,939
Office:				
Middle School	1,682	3,376	3,352	1,706
High School	118	2,529	2,400	247
Pop Fund:				
High School	1,936	3,694	3,959	1,671
Early Childhood Ctr	69	138	163	44
Middle School:				
Drama	122	-	-	122
Special	129	-	-	129
Student Council	5,791	2,578	3,496	4,873
Knowledge Bowl	403	-	196	207
P.R.I.D.E.	421	-	-	421
S.A.D.D.	1,254	6,598	7,845	7
Senior Trip	5,225	6,226	6,023	5,428
Soccer	647	359	437	569
Softball	732	1,936	2,149	519
Special Services	215	-	-	215
Student Council	692	2,678	2,751	619
Team Apparel Store	879	11,297	8,756	3,420
Track- Boys	1,084	5,899	4,090	2,893
Track- Girls	2,410	2,346	2,979	1,777
Tech Prep	955	-	-	955
Transition Fund Spec.	1,650	6	1,622	34
Volleyball	3,697	9,654	8,258	5,093
Varsity Club	720	-	-	720
W P Area Elementary	26,278	46,146	48,199	24,225
W P Baseball Club	80	-	-	80
W P Woods & Wildlife	379	-	-	379
Wrestling - Varsity	592	1,282	1,652	222
Wrestling - Youth	1,241	489	166	1,564
Yearbook	6,968	9,131	9,705	6,394
Youth Advisory Council	17	270	287	-
Total	\$ 142,924	\$ 231,423	\$ 221,875	\$ 152,472

WHITTEMORE-PRESCOTT AREA SCHOOLS
SCHEDULE OF OUTSTANDING BONDED INDEBTEDNESS
JUNE 30, 2008

DATE OF ISSUE - November 24, 1998

Original amount of issue - \$ 163,676

Purpose of issue - School Improvement Bonds that may be used for any purpose allowable under Section 1351a of Act 451 of the Public Acts of 1976, as amended ("Act 451"), being MCLA 380.1351a. Examples of allowable expenditures are the costs of purchasing, erecting, completing, remodeling, equipping, or reequipping, (except for equipping or reequipping for technology), school buildings, structures, athletic fields, playgrounds, developing or improving sites, purchase of school buses, and refunding of bonds. Assets acquired must have a useful life of at least as long as the life of the bond issue, in this case 15 years.

Type of issue - This bond is issued by resolution, is self liquidating, and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from State Aid payments designated for that purpose.

This bond is not subject to redemption prior to the maturity date.

Interest Rate	Fiscal Year	Annual Interest Payment May 15	Annual Maturity May 15	Total Fiscal Year Requirements
4.76%	2008-09	\$ 2,385	\$ 9,109	\$ 11,494
4.76%	2009-10	1,951	9,542	11,493
4.76%	2010-11	1,497	9,997	11,494
4.76%	2011-12	7,014	27,465	34,479
4.76%	2012-13	522	10,971	11,493
		<u>\$ 13,369</u>	<u>\$ 67,084</u>	<u>\$ 80,453</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
SCHEDULE OF OUTSTANDING BONDED INDEBTEDNESS
JUNE 30, 2008

DATE OF ISSUE - March 1, 1999

Original amount of issue - \$ 9,290,000

Purpose of issue - Advance refunding a portion of the outstanding 1996 School Building and Site Bonds. Payments of principal and the applicable interest commencing November 1, 2006 through the final payment due on May 1, 2023 of the 1996 issue were refunded in advance by this issue.

Optional redemption - The bonds maturing on or after May 1, 2010 are subject to redemption at the option of the school district in such order as the school district may determine and by lot within any maturity, on any interest payment date occurring on or after May 1, 2009, at par plus accrued interest to the date fixed for redemption.

Interest Rate	Fiscal Year	Semi Annual Interest Payments		Annual Maturity May 1	Total Fiscal Year Requirements
		November 1	May 1		
4.25%	2008-09	\$ 192,488	\$ 192,487	\$ 455,000	\$ 839,975
4.30%	2009-10	182,818	182,819	500,000	865,637
4.40%	2010-11	172,069	172,069	540,000	884,138
4.45%	2011-12	160,189	160,188	555,000	875,377
4.55%	2012-13	147,840	147,840	560,000	855,680
4.60%	2013-14	135,100	135,100	560,000	830,200
4.65%	2014-15	122,220	122,220	560,000	804,440
4.70%	2015-16	109,200	109,200	560,000	778,400
4.75%	2016-17	96,040	96,040	560,000	752,080
4.80%	2017-18	82,740	82,740	560,000	725,480
4.95%	2018-19	69,300	69,300	560,000	698,600
4.95%	2019-20	55,440	55,440	560,000	670,880
4.95%	2020-21	41,580	41,580	560,000	643,160
4.95%	2021-22	27,720	27,720	560,000	615,440
4.95%	2022-23	13,860	13,860	560,000	587,720
		<u>\$ 1,608,604</u>	<u>\$ 1,608,603</u>	<u>\$ 8,210,000</u>	<u>\$ 11,427,207</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
SCHEDULE OF OUTSTANDING BONDED INDEBTEDNESS
JUNE 30, 2008

DATE OF ISSUE - August 1, 2003

Original amount of issue - \$ 995,000

Purpose of issue - Energy conservation improvement bonds for the purpose of making energy conservation improvements to school facilities.

Optional redemption - Bonds of this issue maturing in the years 2004 through 2011, inclusive, are not subject to redemption prior to maturity. Bonds, or portions of bonds in multiples of \$5,000 of this issue maturing in the years 2012 and 2013, are subject to redemption prior to maturity, at the option of the Issuer, in such order as the Issuer may determine and by lot within any maturity, on any interest payment date on or after May 1, 2011, at par and accrued interest to the date fixed for redemption.

Interest Rate	Fiscal Year	Semi Annual Interest Payments		Annual Maturity May 1	Total Fiscal Year Requirements
		November 1	May 1		
4.05%	2008-09	\$ 9,450	\$ 9,450	\$ 100,000	\$ 118,900
4.05%	2009-10	7,425	7,425	110,000	124,850
4.05%	2010-11	5,198	5,197	120,000	130,395
2.05%	2011-12	2,768	2,767	130,000	135,535
2.05%	2012-13	1,435	1,435	140,000	142,870
		<u>\$ 26,276</u>	<u>\$ 26,274</u>	<u>\$ 600,000</u>	<u>\$ 652,550</u>



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Whittemore-Prescott Area Schools
Whittemore, Michigan 48770

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whittemore-Prescott Area Schools as of and for the year ended June 30, 2008, which collectively comprise Whittemore-Prescott Area Schools' basic financial statements and have issued our report thereon dated October 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Whittemore-Prescott Area Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whittemore-Prescott Area Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Whittemore-Prescott Area Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Whittemore-Prescott Area Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants
October 9, 2008



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A -133

Board of Education
Whittemore-Prescott Area Schools
Whittemore, Michigan 48770

Compliance

We have audited the compliance of Whittemore-Prescott Area Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Whittemore-Prescott Area Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Whittemore-Prescott Area Schools' management. Our responsibility is to express an opinion on Whittemore-Prescott Area Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Whittemore-Prescott Area Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Whittemore-Prescott Area Schools' compliance with those requirements.

In our opinion, Whittemore-Prescott Area Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Whittemore-Prescott Area Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Whittemore-Prescott Area Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Whittemore-Prescott Area Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected in the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use management, the Board of Education, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants
October 9, 2008

WHITTEMORE-PRESCOTT AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified opinion

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiencies identified that are not
considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiencies identified that are not
considered to be material weaknesses? yes X none reported

Type of auditor's report issued on
compliance for major programs: Unqualified opinion

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of OMB Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

No matters (findings) were reported.

Section III - Federal Award Findings and Questioned Costs

No matters (findings) were reported.

WHITTEMORE-PRESCOTT AREA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor Pass Through Grantor/ Program Title & Grant Number</u>		<u>Federal CFDA Number</u>
<u>U.S. Department of Education</u>		
Passed through M.D.E.:		
ECIA	Title I:	
	0715300607	- Part A Improving Basic Programs
		- Regular 2006-07
	0815300708	- Regular 2007-08
	Total	84.010
ECIA	Title V:	
	0802500708	- Part A Innov Educ Program Strategies
	0702500607	- Part A Innov Educ Program Strategies
	Total	84.298
	Title II:	
	0842900708	- Part D; Ed Tech Formula
	Total	84.318
	0805200708	- Part A; Teacher Quality
	0705200607	- Part A; Teacher Quality
	Total	84.367
	Title VI:	
	0806600708	- Part B; Rural & Low Income
	0706600607	- Part B; Rural & Low Income
	Total	84.358B
Total passed through MDE		
Passed through I.S.D.:		
ECIA	Title II:	
	Project 4-Career Forward	- Part D, Category II
		84.318
Total passed through ISD		
Total U.S. Department of Education		

The accompanying notes are an integral part of this schedule

<u>Approved Grant Award Amount</u>	<u>Accrued (Deferred) Revenue July 1, 2007</u>	<u>(Memo Only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Cash Receipts</u>	<u>Accrued (Deferred) Revenue June 30, 2008</u>
\$ 482,301	\$ 58,994	\$ 393,684	\$ -	\$ 58,994	\$ -
577,650	-	-	500,489	389,379	111,110
<u>1,059,951</u>	<u>58,994</u>	<u>393,684</u>	<u>500,489</u>	<u>448,373</u>	<u>111,110</u>
4,876	-	-	4,341	1,733	2,608
4,350	1,237	4,139	-	1,237	-
<u>9,226</u>	<u>1,237</u>	<u>4,139</u>	<u>4,341</u>	<u>2,970</u>	<u>2,608</u>
6,051	-	-	4,341	3,369	972
<u>6,051</u>	<u>-</u>	<u>-</u>	<u>4,341</u>	<u>3,369</u>	<u>972</u>
130,231	-	-	105,227	87,177	18,050
124,794	18,907	119,711	-	18,907	-
<u>255,025</u>	<u>18,907</u>	<u>119,711</u>	<u>105,227</u>	<u>106,084</u>	<u>18,050</u>
46,167	-	-	27,504	464	27,040
38,147	19,502	29,489	-	19,502	-
<u>84,314</u>	<u>19,502</u>	<u>29,489</u>	<u>27,504</u>	<u>19,966</u>	<u>27,040</u>
<u>1,414,567</u>	<u>98,640</u>	<u>547,023</u>	<u>641,902</u>	<u>580,762</u>	<u>159,780</u>
2,000	-	-	2,000	2,000	-
<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<u>1,416,567</u>	<u>98,640</u>	<u>547,023</u>	<u>643,902</u>	<u>582,762</u>	<u>159,780</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor Pass Through Grantor/ Program Title & Grant Number	Federal CFDA Number
<u>U.S. Department of Agriculture</u>	
Passed through State Department of Education:	
National School Lunch Program:	
081970 - Breakfast	10.553
071970 - Breakfast	10.553
Total	10.553
071950 - All Lunches	10.555
081950 - All Lunches	10.555
071960 - Free and Reduced	10.555
081960 - Free and Reduced	10.555
081980 - Snack Program	10.555
Total	10.555
Entitlement Commodities	10.550
Bonus Commodities	10.550
Total	10.550
Total U.S. Department of Agriculture	
Total Federal Assistance	

Notes:

1. The Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting. Type A programs were identified using a \$300,000 threshold.
2. Management has utilized the Grant Section Auditors Report (Form R7120) and CMS Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.
3. Management has reported that expenditures in this Schedule of Expenditures of Federal Awards are equal to those amounts reported in the annual or final cost reports.

The accompanying notes are an integral part of this schedule

<u>Approved Grant Award Amount</u>	<u>Accrued (Deferred) Revenue July 1, 2007</u>	<u>(Memo Only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Cash Receipts</u>	<u>Accrued (Deferred) Revenue June 30, 2008</u>
\$ 131,653	\$ -	\$ -	\$ 131,653	\$ 131,653	\$ -
223,890	-	211,345	12,545	12,545	-
<u>355,543</u>	<u>-</u>	<u>211,345</u>	<u>144,198</u>	<u>144,198</u>	<u>-</u>
42,526	-	38,340	4,186	4,186	-
36,064	-	-	36,064	36,064	-
293,142	-	262,749	30,393	30,393	-
252,343	-	-	252,343	252,343	-
3,477	-	-	3,477	3,477	-
<u>627,552</u>	<u>-</u>	<u>301,089</u>	<u>326,463</u>	<u>326,463</u>	<u>-</u>
35,874	-	-	35,894	35,894	-
-	-	-	-	-	-
<u>35,874</u>	<u>-</u>	<u>-</u>	<u>35,894</u>	<u>35,894</u>	<u>-</u>
<u>1,018,969</u>	<u>-</u>	<u>512,434</u>	<u>506,555</u>	<u>506,555</u>	<u>-</u>
\$ <u>2,435,536</u>	\$ <u>98,640</u>	\$ <u>1,059,457</u>	\$ <u>1,150,457</u>	\$ <u>1,089,317</u>	\$ <u>159,780</u>

WHITTEMORE-PRESCOTT AREA SCHOOLS
SCHEDULE OF RECONCILIATION OF REVENUES WITH
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>AMOUNT</u>
Revenue from federal sources - per financial statements (includes all funds) - Page 17	\$ 1,189,834
Add: None	-
Less: Medicaid Title XIX - Nursing - not subject to Single Audit	<u>(39,377)</u>
Federal expenditures per the schedule of expenditures of federal awards - Page 53	\$ <u><u>1,150,457</u></u>
Detail:	
General	\$ 683,279
Special Revenue	<u>506,555</u>
	\$ <u><u>1,189,834</u></u>



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October 9, 2008

To the Board of Education
Whittemore-Prescott Area Schools
P. O. Box 250
Whittemore, MI 48770-0250

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whittemore-Prescott Area Schools for the year ended June 30, 2008, and have issued our report thereon dated October 9, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated July 1, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Whittemore-Prescott Area School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Whittemore-Prescott Area School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Whittemore-Prescott Area School's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on Whittemore-Prescott Area School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Whittemore-Prescott Area School's compliance with those requirements.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 1, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 2, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whittemore-Prescott Area Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the governmental unit during the year for which

there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the net book value of fixed assets is based on estimated depreciation lives. We evaluated the key factors and assumptions used to develop the depreciation lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 1, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Whittemore-Prescott Area School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Education and management of Whittemore-Prescott Area Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants